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Subject:

FW: Terracom Is Still Terrible

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Federal Communications Commission
Office of the Secretary

From: Christina Blanchard [mailto:terricomisstillterrible2016@gmx.com]

Sent: Monday, October 03, 2016 9:50 AM

To: Tracey Wilson <Tracey.Wilson@fcc.gov>; mccright@mccright.com; daniellefrappier@dwt.com; Dennis Johnson <Dennis.Johnson@fcc.gov>; Jim Bird <Jim.Bird@fcc.gov>; Peter Feinberg <Peter.Feinberg@fcc.gov>

Subject: Terracom Is Still Terrible

To whom this may concern:

We, the founders of Terracom is Terrible.com and Concerned Citizens for Lifeline, are sending this email to voice our concern as a formal comment out of concern for the pending approval for transfer of control of TerraCom. Although we may agree with the transfer of control; however, it isn't because we believe Terracom and its officers and owners are doing it for the purpose of serving public interest. True it may serve public interest as it will remove corrupt owners from authoritative power and control over a company whose primary funds are obtained through a government program. This is the first step in the process of removing them without a battle; however, the next step should be to pursue state and federal civil and criminal charges against them. We really don't want you all to let these guys get away. They know there's serious consequences to what they have done with respect to what we are about to disclose.

If you all are not aware, in the upcoming weeks, former contractors of Terracom who worked as their distributors between 2012-2013 will be filing a class action lawsuit in multiple states for breach of contract, fraud, defamation, and slander. What we have learned through former employees and former contractors is that Terracom and its officers used their agent network as scapegoats, employees were instructed to make sure no master agent received a penny in commission by inflating and fabricating inventory reports, falsifying chargebacks, and to make sure the master agents owe them. We also learned the agent shutdown was orchestrated by Dale Schmick, Richard Yurich, and Jason Hirzel for the purpose of preventing further investigation into their marketing practices, especially in Oklahoma and Indiana. In early 2013 the Oklahoma Public Commission director, Brandy Wreath, launched an investigation into the marketing practices and to review, analyze, and formally audit the subscription database of Terracom. A similar investigation was launched by the Indiana Public Utility Commission in 2013 as well. What most don't know is the Indiana customer base in question, if checked would've revealed that most accounts had none usage. These subscribers were added by an over the phone marketing company headed by Ray Escalera a former employee and officer of Terracom/Skycom. These accounts were added without customer knowledge and for the most part phones were never shipped to the customers, yet Terracom billed USAC and the PUCs. Skycom was used as their marketing company, and what Terracom officers planned to do is load up customers whether right or wrong, compliant or non-compliant, conforming or non-conforming, bill and collect as was told to us by former employees. From sources within Terracom, we learned Dale Schmick, Richard Yurich, and Jason Hirzel knew the applications in question in Arizona, Missouri, and Indiana prior to submitting them were none conforming. Sources tell us Dale Schmick instructed VCARE to "Let the orders through, we will deal with it later". Not only that, sources told us some of Terracom's own employees approved some of the orders as well. Skycom was the front and would ultimately be used as the scapegoat Terracom and its officers could point the finger at when things went wrong. If you all notice, when it came to laying blame, it was always their agent network for this or that with the exception of the customer information data breach. And when the FCC reminded all ETCs they were responsible for agent's actions, Terracom switched gears and fired its agent network. Why? No more scapegoat. Isn't it strange how other ETCs are still using enrollment agents; however, Terracom fired theirs. It wasn't the agents, it was the officers who were committing misconduct, and when the FCC closed the only window the officers had to (using the agents), the officers did only what a criminals would do in situations like this, SALE. Transfer control or ownership is their escape. In addition to the above, Terracom and its officers are in pending litigation for breach of contract and fraud. Although they initiated the lawsuit against a former contractor for breach of contract, court documents show there is a counterclaim against them. We recently made several efforts to speak with this distributor; however, our request was declined and directed us to counsel. In late 2013 we spoke to some of the sub agents and they, reluctantly and hesitantly, agreed to provide information after we agreed to not publish any documents, statements, or their names. The sub-agents provided us with certain documents that prove they and this distributor did not breach any agreement with respect to return of phones. For example, according to emails and court documents it is agreed upon by both parties that said contractor-distributor had approximately 17,000 phones in inventory in the month of April, and was shipped approximately 45,000 additional phones from April to June. According to information we received and confirmed in late 2013 from former employees of TerraCom, the distributor's sub-agents added approximately

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61,000 subscribers to TerraCom's network. Additionally, discovery responses and affidavits (federal - Northern District of Georgia) from Rob Rowlen, and Dale Schmick confirm said master distributor's agents returned thousands of phones during the term of the contract, and in truth Rob Rowlen's affidavit could only account for approximately 500 shipments to this distributor through their UPS shipping account. Further to complicate matters Rob Rowlen submitted an outstanding inventory list to said master agent in the month of July 2013 that contained approximately 8,000 of the 45,000 phones or esns that was shipped from April to June. This we believe is a fabricated list as its impossible to say, we shipped 45000 phones and the distributor only activated 37000 of them yet, his company did approximately 61000 activations during the same period. Our count indicates there was no unreturned/unused handsets. They were either used to add new customers or returned. The time frame of April to June is critical to this case and is referenced in Rob Rowlen's email to the distributor. Therefore when we applied simply math based upon numbers as opposed to ESN's and from what we calculated, there wasn't any outstanding inventory and we believe these reports were made up for the purpose of deceiving, not only this distributor but all distributors who were denied commission, into believing their companies owe and to deprive them of final and/or future residual commission Terracom did not want to pay. This is the unethical behavior and gross misconduct of an ETC and its officers authorized to provide service for a government program who induced people to work with the ultimate goal to avoid paying while they reaped the benefits of their productivity. Regardless of any type of trouble they were in, the proper thing to do was to pay these agents and as opposed to fabricating documents for their (Terracom and its officers) financial gain.

The ironic thing about this, is some contractors had residual commission clauses. This particular contractor was supposed to receive residual commissions for all customers that remained on starting in the fourth month. According to residual reports submitted to the distributor in April Terracom shorted commission by not paying for customers that remained on from the month of December. Then for the next month's (May) report, they took out a month but added that same month back in the next month's (June) report. The reports sent to consistently show Terracom intentionally failed to pay and did all they could to not pay by fabricating commission reports. From what we saw, Terracom never paid as outlined in the terms of the agreement.

Additionally, we have seen a proof of delivery list. In September of 2013, Attorney Rick Warren acknowledges his client (Terracom) investigated the list and only had questions regarding approximately 2300 phones that was associated with 17 invalid shipping numbers. The master distributor later provided the correct shipping numbers as the invalid shipping numbers were the result of typographical errors. Even with this information Terracom wouldn't pay and filed a lawsuit in Oklahoma State Court Case **No. CJ-2014-483** against the company for the entire amount of outstanding phones as opposed to the 2300 in question. Additionally, this same conduct was done with master agents in Illinois, Minnesota, Missouri, Kansas, Louisiana, and Oklahoma. Not one major master agent's inventory could be reconciled to reflect Terracom owing. For example, the master distributor in Minnesota had 1000 phones shipped total and activated nearly the same and provided shipping numbers and delivery proof for all returns along with associated ESNs. Terracom refused to pay. Illinois master agent held the phones and requested Terracom send the outstanding inventory report. What was discovered is the phones sent as outstanding wasn't what the company received and didn't match what the company had as returns in its possession. Not only that, the outstanding list never provided shipping for the 1725 phones to show they were ever shipped to the distributor. When a request was made to provide shipping numbers and delivery proof to the distributor, Terracom had no response and held final commission for outstanding inventory. This happened with multiple distributors and the outstanding inventory lists sent to each was proportional to what was owe by Terracom to each distributor, especially with the case pending in Oklahoma. Any distributor who were owe residual commission, their outstanding inventory list shows a significant amount of unreturned or unused phones. We assume the amount was so inflated as to ensure Terracom would not have to pay any future residuals.

After following this case for the last 3 years, we noticed a trial date has been set. In addition to this discovery, we also noticed Terracom has filed an additional petition to amend for breach of contract (submission of non-compliant applications) and unjust enrichment. After reviewing the petition, we asked ourselves, How in the world did Terracom, its officers, and its attorneys come up with this when (1) there are emails from Dale Schmick, Richard Yurich, Darrel Jefflo praising this distributor for the work the company is doing, (2) congratulated the distributor for hitting 20000 new subscribers in a month, (3) encouraged the distributor to increase monthly production when the company and its agent were adding 20000 new subscribers per month, (4) praised the distributor for commitment to compliance, and (5) it is clearly stated in Rob Rowlen's and Dale Schmick's affidavit that distributors/agents did not have the authority to determine eligibility of lifeline customers, and that eligibility was determined exclusively by Terracom/VCARE after sub-agents submitted the orders through the VCARE portal, a third party representative of VCARE and sometimes Terracom in house compliance/customer service approved the orders and instructed the agents to issue the phones. So we are very puzzled and perplexed by the allegations in this petition especially since no agents approved the orders. It seems that petition would've been and should've been filed against VCARE or against in house representatives as opposed to the master distributor. But of course they wouldn't do that because Terracom can't and won't sue itself and it is in partnership with VCARE, and those two have been in trouble with you all before regarding the customer information breach. Our opinion is that if there was anything non-conforming about the orders, they should've been denied by VCARE/Terracom as the representatives did have the power to approve, have the agent correct any issues with the application, or deny it totally. This to us is clearly another effort to fraudulently sue this distributor in excess of \$1 Million knowing that the allegations are baseless and without any substance. Sources from within Terracom confirmed, Dale Schmick, Richard Yurich, and senior management had a

audited. Here again, Dale Schmick and Richard Yurich advises senior management and VCARE to approve the applications regardless and to submit the applications for reimbursement. Additionally, there is an exception, Assist Wireless. They partnered with Terracom to provide additional distribution in states they are not authorized as a lifeline provider. Assist Wireless sources have acknowledged they have not had any issues with respect to handset returns and receiving due compensation. In our opinion, the existing officers, Richard Yurich, Dale Schmick, Jason Hirzel, Rob Rowlen, and others are trying to make a run for the border by selling or transferring ownership to Mr. Stanley McCright. They believe the sale and transfer will stave off the consequences of their gross negligent misconduct. We are simply requesting you all investigate the aforementioned matters. If you subpoena emails between VCARE and TerraCom, emails between officers and employees, customer data information especially the usage, emails between officer, employees, and contractors, depose the officers and employees. Provide immunity to the employees and VCARE management in exchange for their cooperation.